

Value Creation and Innovation Performance of Nigeria Manufacturing Firm

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Abstract

This study investigates the impact of value creation and Innovative performance of Nigeria banking industry. Survey research design was adopted and employs data gathered from primary source for the study. The population of the study consisted of 435 of Unilever Nigeria Plc in Ogun State. The Yamani's formula was used to arrive at a sample size of 181 respondents. Correlation coefficient, regression analysis and the descriptive analyses were the methods used to analyze the data gathered. In terms of the fitness of the study model, the coefficient of multiple determinations R^2 indicates that about 74.4% of the variations in Innovative Performance are explained by the influence of value creation in the model. The study concludes that Companies need to innovate, i.e. create new value propositions continuously & rapidly in order to survive in the dynamic market situation. The findings have important implications for researchers, senior policy makers, and corporate boards: Efforts to improve the creation of value and a well committed workforce should be emplaced in every organization in order to enhance a productive and innovative workplace. The study also recommends that effective value creation system should be emplaced in an organization.

Keywords: *Value creation, Innovation, Innovation Performance, Customer Value, Organizational Performance*

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Background to the Study

Value creation is the ultimate goal of every firm. Sustainable value creation requires that value is created for everyone involved: the customer, the service provider, the supplier, all the stakeholders (Ondrej, 2014). In the frameworks under consideration, all imply that innovations require all stakeholders to gain over the long-term for the inter-relationships to be sustainable. However, the customer tends to be the initial focal point for driving value, especially in the business models (Johnson, 2010; Teece, 2010).

Therefore, it is assumed that successful innovation depends upon the ability to provide added value through a relevant customer experience. The customer experience represents all of the outcomes necessary for customers to 'feel' the desired effects of innovation. Note that there will be many customer experiences as this is dependent upon the differing perceptions of individual customers. In a mass market, the total market is segmented into similar groups of customers and their relevant experiences (Osterwalder & Pigneur, 2010; Teece, 2010; Chesbrough, 2010).

Innovations are crucial for most of the companies to survive. Despite several attempts to search for innovations in public, almost all companies are stuck with the first-mover advantage. However Lee, Olson & Trimi (2012) state that the understanding of innovation has become broader. In 2003, Henry Chesbrough came up with a concept of open innovation, which states that by sharing their internal knowledge companies could benefit not only financially, but also boost their knowledge base and accelerate development of own products. Lee et al. (2012) also promote the next level of innovations: "co-innovation is a platform where new ideas or approaches from various internal and external sources are applied differently to create new value or experience for all stakeholders, including consumers.

Companies need to innovate, i.e. create new value propositions continuously & rapidly in order to survive in the dynamic market situation. The growth of service economy has correlation with the increased usage of information technology, in which speed and adaptability of the implemented ICT and mobile services are becoming more and more important for enterprises. Goods are becoming platforms for services and any company has an increased ability to interact with their customers and share their results through cloud. In this situation companies cannot survive alone anymore. Novel innovations need to be built together with different players in different service ecosystems (Lush, 2011).

Ultimately, value is dependent upon the perspective of each actor involved. One supplier may value entry into new markets while another supplier values volume to build economies of scale. Similarly, one service firm may value revenue generation while another firm values profits above all else. Likewise, one customer may value the speed of service, and another customer may value the minimal environmental impact of the service. So, a wide range of potentially disconnected values may exist. It is the commercial business model that attempts to align these potentially disparate values to create the overall value proposition.

Measuring performance and contribution to value of innovation has become a fundamental concern for managers and executives in the last decades (Kerssen-van Drongelen & Bilderbeek, 1999). According to the abundance of books and publications that have been written over the past few years on the topic of measuring company performance, it might seem that we know everything we need (Neely, 2005). In previous years, many studies have been written aimed at discussing the issue and suggesting possible approaches to the performance measurement, innovation literature (Bassani et al., 2010; Chiessa & Frattini, 2009; Merschmann & Thonemann, 2011).

Empirical support on the relationship between the value creation and innovative performance of organizations has been less substantiated by literature. Sutthirak & Gonjanar (2012) elaborates the study of value creation of reducing poverty through stakeholder, focusing on factors that affect value creation of organization. They concluded that to create wealth for company's shareholders and stakeholders is a way to reduce poverty through the creation of organizations, including value creation model identifying factors that create firm's value and going concern of successful performance: Corporate Social Responsibility, Corporate Governance and Innovative Organization. Kanten & Yaşlıoğlu (2012) examined the role of innovation in services, processes and managerial practices on customer value creation in hospitality establishments. Accordingly, innovations on services and processes affect customer value positively. This research study addresses the gap that has been left by the literature on innovative performance of organizations and value creation. Specifically, this research study explores the interplay between value creation and innovative performance of Nigeria manufacturing firm.

The broad aims of this study are first and foremost to evaluate the effect of value creation on innovative performance of Nigeria manufacturing firm. Secondly, investigate the determinants of value creation in Nigeria manufacturing firms.

In relation with the above objectives, this research study intends to answer the research questions: Firstly, what is the effect of value creation on innovative performance of Nigeria manufacturing firm? Secondly, what are the determinants of value creation in Nigeria manufacturing firm? The research hypothesis tested was based on the set objectives of this study and validated in this study is as follows:

H₀₁: There is no significant relationship between value creation and innovation performance on Nigeria manufacturing firm.

This study will contribute many advantages to organizational policy makers in forming their strategy and decision making. In terms of theoretical significance, this study proposes to fill the gap in the body of knowledge in value creation practices of Nigeria manufacturing firm. From a practical perspective, the findings of this study will be useful to organizations, policy makers and investors both domestically and internationally within a strategic condition at the micro or macroeconomic level.

This study was divided into four sections in which the first section dealt with the introduction. Section two of this study elaborated on the literature review. Section three dealt with the research methodology and analysis. Section four focused on the discussion and implications for management and finally the references used for the study.

Literature Review

Concept of Value Creation

Value Creation is refers as when the management generates revenue over and above the economic costs and increase stakeholder wealth, which can reduce poverty consequently. Value creation strategies were changed from tangible assets management to knowledge-based strategies creating and arranging the company's intangible assets. These include customer relationships, innovative products and services, high-quality and responsive operating processes, skills and knowledge of workforce, information technology supporting the work force and linking the firm to its customers and suppliers, and organizational climate that encourages innovation, problem-solving, and improvement. Poverty can be reduced by private sectors when they contribute to economic growth, create more jobs, as well as offer more earnings to poor people. In addition, it can also help reducing poverty by offering lower price of products and services to poor people. Small and medium enterprises can be engines of job creation – seedbeds for innovation and entrepreneurship. But in many poor countries, SMEs are marginal in domestic ecosystem. Many of them operate outside formal legal system, contributing to widespread informality and low productivity. They lack access to financing and long-term capital, the base that companies are built on (Raworth, 2008).

Private sector can reduce poverty by value creation of business from innovative organization, corporate social responsibility and corporate governance after the value is added through stakeholder wealth. The value created by a firm equals to benefits that the firm's customers receive minus the costs that incur to the firm's suppliers and minus the costs of using the firm's own assets. To increase value created, the company increases benefits to its customers, lowers costs of its suppliers, uses its resources more effectively, or combines suppliers and customers in new or more efficient ways. The value creation will success or not, value creation is dependent variable and measured by the firm's value that has four components such as growth in sales, operating profitability, capital requirements and weighted average cost of capital. Those components can be developed to this equation where there are 2 components in the equation: The dollars of operating capital provided by the investors; the additional value that management has added or subtracted, which is equivalent to market value added (MVA)(Brigham & Ehrhardt, 2002).

Competition strength and company's characteristics play a significant role in company's ability to create and capture the value. Many companies can add values in the markets where the demand of customers exceeds industry capacity, while they need to have a competitive advantage in order to survive in the markets where the industry capacity is more than customer's demand. A company needs to share created value with its customers and suppliers, as sharing the captured value would mean an exact value of the company. There are three basic rules in value-driven strategy: to approach competitors' customers by providing a greater

customer value than the one provided by competitors, to approach competitors' key suppliers by providing a greater supplier value than the one provided by competitors, and to approach investment capital in competition with other investment opportunities in the market by increasing the company value for its investors.

Factors Affecting Value Creation

Innovative Organization

Innovative Organization is an implementation of a new or significantly improved product (goods or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations (OECD, 2005). Firms can derive four basic benefits for Innovative Organization by: (1) an increased market size; (2) a greater returns on major capital investment or on investments in new products and process; (3) a greater economies of scale, scope, or learning; and (4) a competitive advantage through location (e.g., access to low-cost labour, critical resources, or customers) (Hitt et al., 2011). In a flurry of theoretical and empirical investigations, most researchers have used intangible assets and total factor productivity growth as proxies for innovative activities. An intangible asset transforms into skilled actions, providing firms with competitive advantage and improved performance (Drucker, 2008).

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a company's obligations to be accountable to all of its stakeholders in all its operations and activities. There are four parts of CSR, categorized in terms of economic, legal, ethical, and philanthropic responsibility (Carroll, 1991). The European Commission defines CSR as 'a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis'. CSR has increased significantly during the last decade. Many firms started reporting about their ethical, social and environmental conduct. And in marketing, being green and social is positioned as a relevant product and firm characteristic. In academic research, CSR has become a topic of interest too (Scholtens, 2008). The importing of CSR in Asian countries has led to various structural changes in business community. CSR of Japanese Corporation is regarded as professionalization, whereas China companies would view it as an importation of dominant Western views. In Malaysia and Thailand, there is direct engagement with CSR debates and practices (Fukukawa, 2010). Moreover CSR issues in Asia encapsulate problems such as lack of or disparities in education, poverty, labour rates and standards, human rights, health care, corporate governance and vulnerability to natural disasters (Chapple& Moon, 2007).

Corporate Governance

Corporate Governance (CG) is a process of supervision and control intended to ensure that the company's management acts in accordance with interests of shareholders (Parkinson, 1994). At its core, corporate governance is concerned with identifying ways to ensure that strategic decisions are made effectively. Governance can also be a thought of as means to establish harmony between parties (the firm's owners and its top-level managers), whose interests may conflict (Hitt et al., 2011). Good governance has also been described elsewhere

as a striving for rule of law, transparency, responsiveness, participation, equity, effectiveness and efficiency, accountability, and strategic vision in an exercise of political, economic, and administrative authority (UNDP, 2002). Agency theory suggests that governance matters are more among firms with greater potential agency costs. Rational investors are unlikely to value safeguards against unlikely events. Yet, there are few studies on relations between governance and firm value control for investor perceptions of the likelihood of agency conflicts. Firm value is an increasing function of improved governance quality among firms with high free cash flow.

Visualizing Value Creation

Measurement in a business enterprise determines action since it acts as a motivator of behaviour (Drucker, 1959). Ridgway (1956) writes that “even where performance measures are instituted purely for purposes of information, they are probably interpreted as definitions of the important aspects of that job or activity and hence have important implications for the motivation of behaviour”. However, if organizational performance is measured using a set of measures and no indication of priority is given; individuals are forced to rely on their own judgment as to what is the most important value driver. To avoid dysfunctional consequences of performance measurement (Ridgway, 1956), Kaplan & Norton (2000) introduced strategy maps as tools to chart how intangible assets are converted into tangible outcomes. The authors maintain that strategy maps “give employees a clear line of sight into how their jobs are linked to the overall objective of the organization, enabling them to work in a coordinated, collaborative fashion toward the company's desired goals” and “provide a visual representation of a company's critical objectives and the crucial relationship among them that drives organizational performance” (Kaplan & Norton, 2000). Based on the four perspectives of the balanced scorecard, strategy maps show how an organization will convert its initiatives and resources – including intangible assets such as corporate culture and employee knowledge into tangible outcomes (Kaplan & Norton, 1996, 2000).

The strategy map seems a useful tool to chart how intangibles translate into corporate goals. However, many scholars emphasize the interconnectivity of assets, especially between the different intangibles or intellectual assets. Scholars supporting the resources-based view of the firm (Wernerfelt, 1984; Grant, 1991; Barney et al., 2001; Barney, 2001) consider the firm as a bundle of resources or assets in which the different assets depend on each other to create value.

Concept of Innovative Performance

The innovative capacity of a firm is a basic driving force behind its economic performance, providing a measure of the institutional structures and supporting systems that sustain innovative activity. Furman, Porter and Stern framed a concept of national innovation capacity measured by patenting rates, and estimated its institutional sources for a group of 17 OECD countries (Moe, 2003). Innovation is widely regarded as a central process driving economic growth and competitiveness of nations. But it takes a long time for a country to reach the technological frontier where innovation becomes a principle driver. The personal mastery is influences on organizational performance through organizational learning and innovation in large firms and SMEs. Most previous publications agree that organizational innovation influences performance positively (Morales et al., 2007).

The resource-based view showed positive relationship between technological innovations and organizational performance (Irwin et al., 1998) as the study showed positive relationships between organizational innovation, a market orientation, and organizational learning, showing that all of these elements together influenced the potential for good performance (Hurley & Hult, 1998). The leaders' positive view of innovation is an essential factor for its implementation and development within the firm and improvements in organizational performance (Senge, 1990). On the way to move toward wealth creation, serious attention has to be paid to the interconnection between the productive and the distributive dimensions of the creation process. Production as an innovative process and the improvement of productivity were not an issue, while distribution was enforced in an extremely egalitarian way. Productivity increase became a key goal in the economic reformation leading to a greater inequality in which a stronger motivating structure could be obtained and millions of Chinese people could be lifted out from the poverty. Anyhow, later on the inequality then became greater causing a decreasing rate of productivity. For development ethics, it is therefore important to promote virtuous cycles between production and distribution and prevent vicious cycles. The heart of increasing overall employment and earning probability of people in the rural area would be to develop value added production sector in the area by using agricultural products as inputs. The large population that will remain informally employed could benefit from access to high quality technical and vocational education and training programs so that they can develop specific skills and the human capital that will allow them to leverage their skills into higher incomes. Financial outcomes are separated causally and temporally from improving employees' capabilities. The complex linkages make it difficult, if not impossible, to place a financial value on an asset such as workforce capabilities or employee morale (Kaplan & Norton, 2001).

Relationship between Innovation and Customer Value

In the present day knowledge-based economy, the innovation is defined as a key for the creation of value in products or services (Hsu & Fang, 2009). There are different approaches on the types and extent of innovation in the literature. It's observed in the current studies that discussions are continued on issues such as, the meaning of innovation, number of types of innovation; whether the present implementations are "innovation? "Imitation?" or "benchmarking?". Here, without discussing the conceptual and dimensional issues, it's aimed to state meaning and scope of the innovation concept, regarding the hospitality management and customer value. Innovation implies that an organization should be open to new ideas, new products, new processes and new services (Henri, 2006; Mohamed et al., 2009). Innovation is created by successful implementation of creative ideas in organizations. The importance of performing innovations in product or services, for long-term success of organizations, has been accepted in the literature studies (Alegrea & Chiva, 2008). Innovation represents the changes which creates value in by organizational outputs.

The aim of turning the new ideas into products and services, which create value, lies at the core of innovation (Toraman et al., 2009). The innovation in services industry is the result of the energy spent by the enterprise on thinking like the customer, and hence the innovation efforts will result in the formation of a customer value (Kandampully, 2002). Innovation is

defined as production of new ideas to create a sustainable customer value, and adoption of these ideas in new products, new processes and managerial procedures, by Nasution & Mavondo (2008). Orfila- Sintes & Mattsson (2009) emphasized that the innovation may be related to all actors and processes in regard to preparing the service for presentation and its presentation, in accommodation establishments; and divided the innovation in four types, as managerial innovation, innovation in external communication, innovation in services' scope and innovation in back-office. In this study, three innovation dimensions, which their suitability is accepted in literature (Nasution & Mavondo, 2008), will be presented, which we think that they are more appropriate for the characteristics of accommodation establishments: Innovation in services, innovation in processes, and managerial innovation.

Hjalager (2010) describes the innovation in services as; the initiative, application or destination which is directly observable and acceptable by the customer. Innovation in services includes innovations regarding the tourist product offered to customers in accommodation establishments. In practice, there are hundreds of types of service innovations. These can be related to many service types such as food and beverages, free offerings included in the price, animation, recreation and health activities, etc. The innovations performed in tangible entities presented to customers in places such as rooms, restaurants and public places are also among the innovations in services. Innovation to be performed in service processes can provide an important contribution to "the way the service is presented by employees", which is called "the functional quality of service". Managerial innovations can include establishment of systems that will make the communication and support between business units and employees more effective, and renewal of business procedures and techniques.

Theoretical Framework

Stakeholder Theory

Stakeholder theory has infiltrated the academic dialogue in management and a wide array of disciplines such as health care, law, and public policy (Freeman, Harrison, Wicks, Parmar & De Colle, 2010). Much attention has been paid to some basic themes that are now familiar in the literature that firms have stakeholders and should proactively pay attention to them (Freeman, 1984), that stakeholder theory exists in tension (at least) with shareholder theory (Friedman, 1970), that stakeholder theory provides a vehicle for connecting ethics and strategy and that firms that diligently seek to serve the interests of a broad group of stakeholders will create more value over time (Campbell, 1997; Freeman, 1984; Freeman, Harrison & Wicks, 2009). Nevertheless, there are so many different interpretations of basic stakeholder ideas that theory development has been difficult (Scherer & Patzer, 2011).

In spite of its importance to stakeholder theory, little attention has been devoted to questions regarding what it means to create value for stakeholders and how we can measure it. Part of the reason for the relative absence of discussion may be that researchers assume they know what value means. For example, much heat and debate in the stakeholder literature regards the issue of who has legitimacy and to whom managers have responsibilities (Donaldson & Preston, 1995; Freeman, 1994; Goodpaster & O'Halloran, 1994; Mitchell, Agle & Wood,

1997). At their core, these studies are about who should have claim to the spoils of the firm. For instance, legitimate stakeholders presumably should get a larger share. An inherent assumption in this literature is that the concept of value is already understood as economic value (Agle, Mitchell & Sonnenfeld, 1999). If the only relevant value created by a firm is economic then the legitimacy arguments may actually feed animosity among stakeholders that they are all vying for a piece of the economic pie, and each wants a larger share. This type of animosity is contrary to the underlying philosophy that has characterized stakeholder theory emphasizing the "jointness" of stakeholder interests and the need for all stakeholders to benefit over time through their cooperation (Freeman, 1984; Freeman, Harrison & Wicks, 2009). Another major stream of literature addresses the size-of-pie issue by attempting to link good (i.e., generous, fair) stakeholder treatment with the creation of value (Berman, Wicks, Kotha & Jones, 1999; Choi & Wang, 2009; Hillman & Keim, 2001; Preston & Sapienza, 1990). The underlying assumption of most studies of this type is that economic measures capture the value created through good treatment of stakeholders, thus sidestepping the notion that much of the value stakeholders get from working with stakeholder-friendly firms may not be captured in economic measures. While economic returns are fundamental to a firm's core stakeholders, most stakeholders want other things as well (Bosse, Phillips & Harrison, 2009).

Attention to these other factors may prove critical to understanding why firms succeed over time, why stakeholders are drawn to (and remain with) some firms, and which firms do the most for their stakeholders. These two important streams in the stakeholder literature demonstrate the need for a more thorough evaluation of the concept of value. A stakeholder-based perspective of value is important from a managerial perspective because managers tend to focus attention on things that lead to higher performance based on what actually gets measured (Kaplan & Norton, 1996). Rather than focusing primarily on economic measures of performance, a stakeholder-based performance measure challenges managers to examine more broadly the value their firms are creating from the perspective of the stakeholders who are involved in creating it. Thus, it gives managers the information they need to engage stakeholders where they are and enhance managerial ability to use such insights to create more value. At its core, this perspective is about creating a higher level of well-being for the stakeholders involved in a system of value creation led by the firm.

Methodology

This study will be conducted at Unilever Nigeria Plc, Ogun State. The researcher's choice of this manufacturing firm was due to accessibility of information regarding the research variables and cost saving as a result of its nearness to researcher's abode. Moreover, this study area would also provide avenues for the researcher to examine the value creation and innovative performance of Nigeria manufacturing firm.

The study used survey research design and a deductive research. This method of research design was used in this paper to determine the value creation and innovative performance of Nigeria manufacturing firm. The population of the study would consist of the members of staff in Nigeria manufacturing firm. The study area of this research is Unilever Nigeria Plc as

the choice of this research. The industry is also appropriate for this study due to the level of competitiveness and rivalry among manufacturing firm overtime. The manufacturing firm in Nigeria for this research is Unilever Nigeria Plc with the total population of 435 respectively (NSE, 2015).

The sample size was determined by adopting Yaro Yamani's (1998) formula. A total number of one hundred and eighty one (181) respondents were sampled from the population using stratified random sampling technique with various departments divided into strata.

The main research instrument used for this study was primary data gathered from the questionnaire. Furthermore, in order to ensure a reduced possibility of questionnaire missing in transit or misplaced the questionnaires were retrieved in same manner, which they were administered. The questionnaire used for the study was divided broadly into two sections. These are the demographic section. Under the demographic section variables such as age of the respondent, gender, marital status and highest educational level was asked. The section B is on value creation and innovative performance in the manufacturing firm.

The study adopted a simple percentage method with a frequency distribution table in order to present and interpret the outcome of each questionnaire as clearly as possible and a Regression method of analysis for the interpretation of the research hypotheses. Furthermore, SPSS software was used in the processing of primary data gathered through the administration of questionnaires. This is to enable the processed data and output to be presented into tables, for qualitative explanations and analyses of the research variables.

For this study, the analytical techniques employed in analyzing the data collected, using the Statistical Package for Social Sciences (SPSS 21.0), were the Simple Percentage Analysis, the Product Moment Correlation Coefficient and the Regression Analysis (ANOVA).The descriptive statistics of the data is shown

Table 1: Descriptive Statistics

Management Level	Top Management	Middle Management	Lower Management	
	21.1%	38.9%	40.0%	
Gender	Male	Female		
	54.5%	45.5%		
Age of Respondents	25 yrs below	25-34 yrs	35-44 yrs	45 yrs above
	37.6%	39.1%	19.5%	3.8%
Martial	Single	Married	Divorce	
	50.6%	38.9%	10.5%	
Education	NCE/OND	HND/BSC	MBA/MSC	Others
	25.9%	45.5%	22.1%	6.5%
Working Experience	Less than 5 years	5-10 years	Above 10 years	
	50.6%	40.3%	9.41	

Source: Research Field Survey (2019)

Hypothesis Testing

H₀₁: There is no significant relationship between value creation and innovation performance.

Table 2: Model Summary

Dependent variable: Innovative Performance						
Variable	Coefficient	F-STAT	SIG.	T-STAT	R ²	DW
Constant	4.818	6.010	0.001	3.609	0.744	1.468
Value Creation	0.774		0.407	0.604		

Source: Researcher's Result (2019)

PER = f (VC)..... (I)
 PER = α₀ + α₁VC + (II)
 PER = 4.818 + 0.774VC +
 TCAL= 2.79
 F-STAT= 6.010

In terms of the fitness of the study model, the coefficient of multiple determinations R² indicates that about 74.4% of the variations in Innovative Performance are explained by the influence of Value Creation in the model.

R² which is the unadjusted multiple correlation coefficient signifies the goodness of the equation and also denotes the coefficient of multiple determination. It also shows that 74.4% of changes in Innovative Performance (dependent variable) were influenced by changes in the independent variable (Value Creation).

The regression result of the study's model suggests that Value Creation have impact on Innovative Performance, it is however shown that the coefficient of the independent variable (Value Creation) positively relate to Innovative Performance. The parameters show that holding the independent variable to a constant zero Innovative Performance will be 4.818. Also increase in Value Creation increases Innovative performance by 77.4%.

Result

From the findings of the regression analysis, the study found that there was a variation of 74.4% in Innovative performance due to changes in value creation. This is an indication that 74.4% changes in Innovative performance could be accounted for by value creation. The study further revealed that there was positive strong relationship between Innovative performance and value creation as shown by strong positive correlation coefficient.

From the finding on analysis of variance, the study found that the overall model had a significance value of 0.02 which shows that the data is ideal for making a conclusion on the population's parameter as the value of significance (p-value) is less than 5%. The study further revealed that value creation significantly affects the Innovative performance. Therefore, it can

be inferred that value creation is a quintessential and imperative tool for ensuring Innovative performance.

The primary contribution to the literature is the consistent estimation of the relationship between value creation and Innovative Performance. In terms of the fitness of the study model, the coefficient of multiple determinations R^2 indicates that about 74.4% of the variations in Innovative Performance are explained by the influence of Value Creation in the model.

R^2 which is the unadjusted multiple correlation coefficient signifies the goodness of the equation and also denotes the coefficient of multiple determination. It also shows that 74.4% of changes in Innovative Performance (dependent variable) were influenced by changes in the independent variable (Value Creation).

The regression result of the study's model suggests that Value Creation have impact on Innovative Performance, it is however shown that the coefficient of the independent variable (Value Creation) positively relate to Innovative Performance. The parameters show that holding the independent variable to a constant zero Innovative Performance will be 4.818. Also increase in Value Creation increases production capabilities of small and medium scale enterprises by 77.4%. Using correlation technique, it is evident that all variables have positive correlation as the correlation coefficient is 0.494. This implies that there is positive relationship between Innovative Performance and Value Creation. To further certify this, the F statistics (calculated value) is greater than the tabulated value. All of this imply that H_1 is true and accepted hence rejecting H_0 .

Discussion and Implications for Management

In free enterprise markets, producers seek to develop products that drive a profit for their respective business as well as provide the best solution for the customer. In this process, a value proposition is developed by the producer for the consumer that is designed to overcome the risks of the business venture vs. the potential reward for both the producer as well as the consumer. Products and design platforms that are abandoned before their useful life create waste and reduce asset value for society and the environment, in addition to the producer and consumer. The sustainable products value proposition seeks a balanced approach towards the integration of total cost of ownership, social and environmental improvements, and an expanded definition of product life drivers.

Companies need to innovate, i.e. create new value propositions continuously & rapidly in order to survive in the dynamic market situation. The growth of service economy has correlation with the increased usage of information technology, in which speed and adaptability of the implemented ICT and mobile services are becoming more and more important for enterprises. Goods are becoming platforms for services. And any company has an increased ability to interact with their customers and share their results through cloud. In this situation companies cannot survive alone anymore. Novel innovations need to be built together with different players in different service ecosystems

Taking into consideration the findings and conclusions of this paper, a few of the following recommendations are made: first and foremost, effective value creation system should be emplaced in an organization. In addition, the rules, regulations and procedures guiding daily the creation of value in an organization should be clearly specified to employees of an organization. Furthermore, effective motivational scheme should be established in order to facilitate a creative workforce. Lastly, employees should be granted fair autonomy in order to enhance a productive workplace climate.

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